



October 1, 2008

Via email: k.allen@iosco.org

Kim Allen
International Organization of Securities Commissions
C/ Oquendo 12
28006 Madrid
Spain

Re: IOSCO Point of Sale Disclosure Issues Paper

Dear Ms. Allen:

The Securities Industry and Financial Markets Association (“SIFMA”)¹ appreciates the opportunity to comment on the above referenced issues paper. At the outset, we would like to praise the SC3 and SC5 Committees for their efforts to provide a thorough and lucid description with regard to the current regulatory and business approach to point of sale disclosure in various jurisdictions around the globe. As such, the issues paper will help set a good framework for specific recommendations on the subject that might be made in the future.

SIFMA’s goal in this response is to move the evaluation process along by suggesting additional factors that should be considered before reaching any conclusions or recommending specific outcomes. We discuss these below.

UNDERSTANDING THE CLIENT/FINANCIAL SERVICES PROVIDER RELATIONSHIP

As the issues paper points out, the provision of retail financial services tends to be characterized by “information asymmetries,” where the product provider has more information about the product than the buyer.² To some extent these asymmetries can be reduced by disclosure enhancements, many of which are already occurring, particularly through access to web-based information. However, some information gaps will always exist due to the training and expertise of financial professionals, and thus, even well-

¹ SIFMA brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA’s mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public’s trust and confidence in the markets and the industry. SIFMA works to represent its members’ interests locally and globally. It has offices in New York, Washington, D.C., and London, and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

² See Issue Paper at p. 2.

informed investors will need to rely on their financial professionals for guidance. Therefore, we believe that providing investors with clear disclosure of their financial professional's duties and responsibilities to them including discussion of conflicts that may be inherent in such a relationship, is a fundamental concept.

In that regard, SIFMA has developed an "Investor Bill of Rights"³ which has been embraced by many of our members. Also, in recent years many of our members, and other financial services professionals, have been providing extensive disclosure regarding the nature of the client relationship and conflicts and fees at the inception of the client relationship through plain language documents such as client brochures, new account agreements and links to web-based information. We believe this has contributed to a better informed investing public, and thus review of such disclosure methodologies should be factored into the committees' assessment regarding the need for and content of point of sale disclosure.

FOCUS ON PERFORMANCE

SIFMA believes that disclosure should be focused on the information that investors consider to be the most important. In that regard it is noteworthy that a recent survey conducted at the request of the U.S. Securities and Exchange Commission in conjunction with its summary prospectus proposal reflected that by a wide margin investors cited investment performance as the information that they sought out in a fund prospectus.⁴

It is noteworthy that with regard to CIS products, ongoing costs, such as asset management fees and commissions are already accounted for in the net performance information which is widely available to investors. Thus, relative performance results do provide some investor insight into the impact that various costs may have on investment returns.

USE OF WEBSITES

There are a number of cost and practical considerations associated with point of sale disclosure, particularly where such disclosure is defined as an event occurring prior to the execution of a transaction. Issues, some of which have been identified in the IOSCO issues paper, include costs associated with producing and maintaining the currency of point of sale information, the promptness of trade execution and the difficulties of monitoring compliance with point of sale requirements. We respectfully suggest that making point of sale disclosure for CIS, and possibly other products through websites and applying an access equals delivery standard with respect to such disclosure, may go a long way toward addressing these concerns. We are hopeful that this approach

³ Available at www.sifma.org.

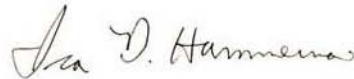
⁴ Abt. SRBI Mandatory Disclosure Documents Telephone Survey, p. 61 (July 30, 2008). 50% of survey respondents cited investment performance, whereas 10% cited costs.

will be addressed in the final consultative report that is expected to be published in or around February, 2009.

* * * * *

Thank you for the opportunity to comment on the issues paper. We hope you find our comments helpful and we look forward to the opportunity to comment further after the final consultative paper is published.

Sincerely,



Ira D. Hammerman
Senior Managing Director and
General Counsel

CC: Andrew Donohue, Director, Division of Investment Management, SEC
Joshua Kans, Attorney, Division of Market Regulation, SEC
Caitie McGuire, Associate Director and Chief Counsel, Division of Market Regulation, SEC